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# Interpreting the Copyright Act's Section 201(c) Revision Privilege with Respect to Electronic Media

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# NOTE

## Interpreting the Copyright Act’s Section 201(c) Revision Privilege with Respect to Electronic Media

Robert Meitus\*

I. INTRODUCTION.....	750
II. PLACING THE ISSUE IN CONTEXT .....	752
A. <i>The Historical Foundation of Copyright Law</i> .....	752
B. <i>Current Law Under the Copyright Act of 1976</i> .....	754
C. <i>A Hypothetical Case</i> .....	758
III. <i>TASINI V. NEW YORK TIMES: A CASE OF FIRST IMPRESSION</i> .....	759
A. <i>The Facts</i> .....	759
B. <i>The Tasini District Court Analysis and Electronic         Databases</i> .....	760
C. <i>The Second Circuit Court of Appeals Reverses</i> .....	763
D. <i>The Role of Public Policy in the Tasini Decisions</i> .....	766
IV. <i>RYAN V. CARL CORPORATION: AN ALTERNATE VIEW FROM THE     NINTH CIRCUIT</i> .....	767
A. <i>The Facts</i> .....	767
B. <i>The Ryan Analysis</i> .....	768

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C. Can There Be Infringement Regardless of the Revision Issue? .....	769
V. THE ROLE OF COPYRIGHT POLICY IN INTERPRETING LICENSES IN LIGHT OF NEW MEDIA .....	770
VI. THE SOLUTION: COPYRIGHT CLEARINGHOUSES.....	773
VII. CONCLUSION .....	776

## I. INTRODUCTION

"Both the language and the legislative history of section 201(c) suggest that when in doubt, courts should construe the rights of publishers narrowly rather than broadly in relation to those of authors. . . . [O]ne must bear in mind that Congress passed the section to enlarge the rights of authors."<sup>1</sup>

At the dawn of a new millennium, the United States is in the midst of unprecedented technological change in which our capacity to produce, transmit, and receive information increases daily.<sup>2</sup> The electronic media<sup>3</sup>—including compact disc read-only-memory devices (CD-ROMs) and online services such as those provided by LEXIS/NEXIS (NEXIS) and Westlaw—have redefined the ways in which consumers acquire this information. As communicative technology grows, conflicts over ownership of creative content are inevitable, giving rise to the need to reevaluate the rules of ownership of intellectual property in the modern environment of electronic publishing.

For more than a decade, publishers have increasingly made the contents of their newspapers and magazines available through electronic media. However, only recently have freelance<sup>4</sup> authors legally challenged

1. *Ryan v. Carl Corp.*, 23 F. Supp.2d 1146, 1150 (N.D. Cal. 1998).

2. See MARSHALL A. LEAFFER, UNDERSTANDING COPYRIGHT LAW § 1.1, at 1 (3d ed. 1999).

3. See Sidney A. Rosenzweig, Comment, *Don't Put My Article Online!: Extending Copyright's New-use Doctrine to the Electronic Publishing Media and Beyond*, 143 U. PA. L. REV. 899, 899 n.3 (1995) (defining "electronic media" as "the new generation of media that provide alternative avenues of distribution for the content available in traditional publishing."). For the purposes of this Note, this definition does not include broadcast or cable television or radio services; it does include electronic databases, such as LEXIS/NEXIS and Westlaw, as well as CD-ROMs.

4. The term "freelance" in this Note refers to oral or written agreements solely authorizing publishers to include an author's article in a newspaper or magazine. Under such a "freelance" agreement, no rights other than those provided by statutory law are deemed transferred. See Deirdre Carmody, *Writers Fight for Electronic Rights*, N.Y. TIMES, Nov. 7, 1994, at B20 (noting that, traditionally, written contracts have given publications "first North American serial rights," meaning that they possessed exclusive domestic rights to publish while writers retained all other publication rights. In contrast, "staff" writers create works for hire in which all copyright ownership vests in the employer publisher.); 17 U.S.C.

these publishers for allegedly infringing their copyrights in underlying works of authorship.<sup>5</sup> In the absence of express agreements to the contrary, the authors maintain that section 201(c) of the Copyright Act of 1976 (1976 Act)<sup>6</sup> gives publishers only the limited privilege of publishing an article as part of a "particular collective work, any revision of that collective work, and any later collective work in the same series"<sup>7</sup> and that republication in electronic media does not fit within this definition. Publishers disagree and seek a more liberal interpretation of section 201(c). At its core, the issue appears quite simple: What is the definition of "revision," and does it include certain formats of electronic database publishing? Closely related to this issue is another important question: Do certain electronic formats, whether revisions or not, infringe an author's right of reproduction through providing for and encouraging reprinting of individually copyrighted articles?

This Note examines the existing bases for interpreting the section 201(c) revision privilege with respect to electronic media, including the Act's plain language, legislative intent, and broader issues of public policy in the realm of copyright. Part II discusses the body of copyright law pertinent to this inquiry, beginning with a succinct and general overview. Part III turns to the landmark case, *Tasini v. New York Times*,<sup>8</sup> which is the first and only case to interpret section 201(c) with respect to electronic media. In addition, Part III examines the reasoning of both the district court, which held in favor of the publisher defendants, and the Second Circuit Court of Appeals, which recently reversed the decision. Part IV briefly analyzes a district court opinion out of the Second Circuit, *Ryan v. Carl Corp.*,<sup>9</sup> which is the only other case addressing section 201(c) and the electronic media, albeit in dicta. Part V explores related case law dealing with "new media" in licensing agreements, which offers further insight into the role of public policy in new technology licensing cases. Part VI examines copyright clearinghouses as necessary and effective tools for the administration of collective licensing of freelance articles. Part VII concludes that unauthorized republication of freelance articles in some new media formats, including NEXIS and certain CD-ROMs, infringes on an

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§ 201(b) (1994); see also Douglas Steinberg, *Journalists' Rights to Their Own Work*, 8 ART & L. 113, 114 (1983).

5. See Rosalind Resnick, *Writers, Data Bases Do Battle*, NAT'L L.J., Mar. 7, 1994, at 28 ("Attorneys for both writers and publishers agree that *Tasini*—a case of first impression—will have wide-ranging consequences for the publishing world . . .").

6. 17 U.S.C. § 201(c).

7. *Id.*

8. 972 F. Supp. 804 (S.D.N.Y. 1997), *rev'd*, 192 F.3d 356 (2d Cir. 1999).

9. 23 F. Supp.2d 1146 (N.D. Cal. 1998).

author's reproduction rights. Such republication is authorized under section 201(c) only if it retains the publisher's contribution to the collective work, is inherently recognizable as a version of that collective work, and does not sever the individual article from the collective work. This Note ultimately suggests a revision analysis which would effectively support the policy goals of copyright incentive of both the 1976 Act and the U.S. Constitution.

Initially, one must ask *why* this inquiry is necessary in light of the rapid movement toward unambiguous publishing contracts defining rights of future publication, electronic or otherwise.<sup>10</sup> The answer is twofold. First, electronic rights for a vast body of freelance articles written in the past are at stake and the courts will ultimately decide whether writers or publishers will receive the windfall represented by new technologies. For example, a freelance article appearing in a 1965 edition of *Time Magazine* can now be retrieved online through NEXIS, an arrangement profiting both *Time Magazine* and Mead Data Central (Mead)—owners of NEXIS—but not the author. If publishers win the legal battle, their industry will reap a windfall from electronic republication rights. Second, the courts' interpretations of section 201(c) establish a foundation upon which bargaining will take place well into the future. The contractual bargaining favored by the 1976 Act<sup>11</sup> began in earnest following the *Tasini v. New York Times* (*Tasini I*)<sup>12</sup> decision in 1997. If the courts continue to hold, as did the Second Circuit Court of Appeals in *Tasini v. New York Times* (*Tasini II*),<sup>13</sup> that Congress intended certain electronic publishing rights to attach to primary copyright holders, authors' rights will be strengthened. But given that publishers wield more bargaining power than do most freelance writers, the effect of such decisions may prove primarily a moral, rather than economic, victory for authors' future rights.

## II. PLACING THE ISSUE IN CONTEXT

### A. *The Historical Foundation of Copyright Law*

The U.S. Constitution authorizes Congress to pass copyright and patent legislation "to promote the [p]rogress of [s]cience and the useful [a]rts, by securing for limited [t]imes, to [a]uthors and [i]nventors, the

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10. See Carmody, *supra* note 4, at B20.

11. See Rosenzweig, *supra* note 3, at 930 n.146 (citing H.R. REP. NO. 94-1476, at 132 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5748) ("Nothing in the bill derogates from the rights of parties to contract with each other and to sue for breaches of contract.").

12. 972 F. Supp. 804 (S.D.N.Y. 1997), rev'd, 192 F.3d 356 (2d Cir. 1999).

13. 192 F.3d 356 (2d Cir. 1999).

exclusive [r]ight to their respective [w]ritings and [d]iscoveries.”<sup>14</sup> The Constitutional Convention adopted this clause in 1787 without debate and, consequently, there is little documentary evidence of the Framers’ intent with regard to its language and scope.<sup>15</sup> Scholars often refer to the following comment by James Madison in *The Federalist* when seeking to shed light on this issue:

The utility of this power will scarcely be questioned. The copyright of authors has been solemnly adjudged, in Great Britain, to be a right of common law. The right to useful inventions seems with equal reason to belong to the inventors. The public good fully coincides in both cases with the claims of individuals.<sup>16</sup>

Based on the constitutional language and consistent with Madison’s commentary, the Copyright Clause clearly promotes the dissemination of knowledge to enhance the public welfare through an economic incentive of limited monopoly given to the author.<sup>17</sup> Indeed, much later, in the 1954 *Mazer v. Stein*<sup>18</sup> opinion, the Supreme Court explained the rationale underlying the Copyright Clause as follows: “The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance the public welfare through the talents of authors and inventors in ‘[s]cience and the [u]seful [a]rts.’”<sup>19</sup>

On this pretense, the first federal Copyright Act of 1790 (1790 Act) provided protection to the author or his assignees of any map, chart, or book for fourteen years with a renewal period of equal length.<sup>20</sup> General revisions took place in 1831 and 1870, but it was not until 1909 that Congress overhauled the 1790 Act to meet the challenges of the modern era. The Copyright Act of 1909 (1909 Act), the result of several years of extensive labor and the input of a multitude of governmental and private interests, ultimately lacked clarity and coherence, making it difficult to administer.<sup>21</sup> Nevertheless, Congress achieved several notable improvements: expanding copyrightable subject matter to include “all the writings of an author,” splitting duration into an initial twenty-eight year

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14. U.S. CONST. art. I, § 8, cl. 8.

15. See WILLIAM F. PATRY, LATMAN’S THE COPYRIGHT LAW 5 (6th ed. 1986).

16. *Id.* (quoting THE FEDERALIST NO. 43 (James Madison)).

17. See LEAFFER, *supra* note 2, § 1.3, at 6.

18. 347 U.S. 201 (1954).

19. *Id.* at 219.

20. See PATRY, *supra* note 15, at 6.

21. See *id.* at 10.

term with a second twenty-eight year renewal,<sup>22</sup> and changing the trigger for federal copyright to publication rather than registration.

### B. *Current Law Under the Copyright Act of 1976*

Many decades of technological, social, and economic changes forced Congress to amend the 1909 Act in a piecemeal fashion. But in 1955, Congress authorized comprehensive hearings and reports that culminated—nearly twenty years later—in the 1976 Act.<sup>23</sup> Among other extensive changes, the 1976 Act: (1) provides protection to all works “fixed in a tangible medium of expression” without requiring the work to be published;<sup>24</sup> (2) extends the duration of protection to the life of the author plus seventy years;<sup>25</sup> (3) allows for copyright divisibility through licensing or assignment of a copyright “in whole or in part;”<sup>26</sup> and (4) guarantees the five exclusive rights embodied in section 106: rights of *reproduction, adaptation, public distribution, performance, and display*.<sup>27</sup>

Section 102(a) of the 1976 Act outlines an “illustrative” list of eight categories of copyrightable subject matter which Congress intended to be liberally interpreted:<sup>28</sup> literary works; musical works; dramatic works; pantomimes and choreographic works; pictorial, graphic and sculptural works; motion pictures and other audiovisual works; sound recordings; and architectural works.<sup>29</sup>

Section 102(a) also enunciates the threshold copyright requirements of *fixation* and *originality* when it states: “Copyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression

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22. LEAFFER, *supra* note 2, § 1.4, at 7-8.

23. See H.R. REP. NO. 94-1476, at 47-50 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5660-63.

24. 17 U.S.C. § 301(a) (1994).

25. See 17 U.S.C.A. § 302(a) (Supp. IV 1998). By amendment in 1998, Congress extended the term from the original “life of the author plus 50 years.”

26. See 17 U.S.C. § 201(d) (1994).

27. See 17 U.S.C.A. § 106 (West 1999); *see also* LEAFFER, *supra* note 2, § 1.5, at 10; DONALD S. CHISUM & MICHAEL A. JACOBS, UNDERSTANDING INTELLECTUAL PROPERTY LAW § 4A, at 4-7 (1992).

28. See H.R. REP. NO. 94-1476, at 51 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5664.

Authors are continually finding new ways of expressing themselves, but it is impossible to foresee the forms that these new expressive methods will take. The bill does not intend either to freeze the scope of copyrightable subject matter at the present stage of communications technology or to allow unlimited expansion into areas completely outside the present congressional intent.

*Id.*

29. See 17 U.S.C. § 102(a) (1994).

...<sup>30</sup> Fixation is clearly defined in the 1976 Act as an “embodiment in a copy or phonorecord” by the author and “sufficiently permanent to permit it to be perceived, reproduced, or otherwise communicated for a period of more than a transitory duration.”<sup>31</sup> Originality, on the other hand, is not defined by the Act, but case law has construed it to require both “independent creation” and “a modest quantum of creativity.”<sup>32</sup> In the majority opinion of *Feist Publications, Inc. v. Rural Telephone Service Co.*,<sup>33</sup> Justice O’Connor wrote that originality simply required that a work not be copied and that the “requisite level of creativity is extremely low; even a slight amount will suffice.”<sup>34</sup>

Turning to the focus of this Note, section 103 also provides copyright protection to two categories of works not listed in section 102(a): compilations and derivative works.<sup>35</sup> Congress limits protection in these categories “to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work.”<sup>36</sup> “Compilation” is specifically defined under section 101 as “a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship.”<sup>37</sup> *Feist* interpreted both the 1976 Act and the Constitution’s Copyright Clause to require a minimum level of originality in the case of a compilation just as with primary works.<sup>38</sup> Specifically, the Court held that alphabetical listings of names with telephone numbers in the white pages of a telephone book were uncopyrightable facts and that the telephone company had not “selected, coordinated[,] or arranged” these facts in a sufficiently original way to satisfy the minimum standards for copyright protection.<sup>39</sup> *Feist* explicitly rejected the “sweat of the brow approach previously used by many courts to protect a plaintiff’s expenditure of time, money[,] and energy regardless

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30. *Id.*

31. *Id.* § 101 (1994).

32. CRAIG JOYCE ET AL., COPYRIGHT LAW § 2.02, at 81 (4th ed. 1998).

33. 499 U.S. 340 (1991).

34. *Id.* at 345.

35. “A ‘derivative’ work is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization . . . or any other form in which a work may be recast, transformed, or adapted.” 17 U.S.C. § 101 (1994); see generally 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 3.02, at 3-5 (1998).

36. 17 U.S.C. § 103(b) (1994).

37. *Id.* § 101 (1994).

38. See *Feist Publications, Inc.*, 499 U.S. at 345; see also *Baker v. Seldon*, 101 U.S. 99 (1879).

39. See *Feist Publications, Inc.*, 499 U.S. at 362.



of whether original material was added to a work."<sup>40</sup> Justice O'Connor clarified that "the 1976 revisions to the Copyright Act leave no doubt that originality, not 'sweat of the brow,' is the touchstone of copyright protection in directories and other fact-based works. . . . [A] compilation is copyrightable only to the extent that it features an original selection, coordination, or arrangement."<sup>41</sup>

The 1976 Act further elaborates that compilations consisting of individual contributions themselves capable of copyright are called collective works. Section 101 defines a "collective work" as "a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole."<sup>42</sup>

While examples of collective works would include the above examples, they would *not* include a composition consisting of words and music, a book published with illustrations, or three one-act plays, where relatively few separate elements have been combined in the collection.<sup>43</sup> As in the case of a compilation, copyright in a collective work extends only to those elements that are original with the claimant and does not affect the protection given to the underlying contributions.<sup>44</sup> For instance, a copyright in an anthology of poems in the public domain would not protect its owner against others copying the underlying individual poems; rather, the copyright would merely protect against copying or otherwise infringing the anthology as a whole or the original elements of the anthology.<sup>45</sup> These elements would generally be limited to the publisher's selection, coordination, or arrangement of the underlying work.<sup>46</sup>

It is also important to note that, under the 1976 Act, the holder of a copyright in a collective work is forbidden from altering the contributions to that work. As this Note demonstrates, section 103(b) limits the copyright ownership of a compilation to the original material contributed by the publisher and makes clear that the contributor retains copyright in the contribution. Because section 106(2) reserves the exclusive right to prepare a derivative work for the copyright owner, the statute forbids publishers

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40. NIMMER & NIMMER, *supra* note 35, § 3.04[B], at 3-20 (citing *W.H. Anderson v. Baldwin Law Publ'g Co.*, 27 F.2d 82 (6th Cir. 1928)).

41. *Feist Publications, Inc.*, 499 U.S. at 359-60 (citation omitted).

42. 17 U.S.C. § 101.

43. See JOYCE, *supra* note 32, § 4.01, at 253-54.

44. See 17 U.S.C. § 103(b) (1994).

45. See NIMMER & NIMMER, *supra* note 35, § 3.04[A], at 3-19 n.6 (citing *Silverman v. CBS, Inc.*, 870 F.2d 40, 49-50 (2d Cir. 1989)).

46. See *id.* § 3.04[B][2], at 3-24.

from “recast[ing], transform[ing] or adapt[ing]”<sup>47</sup> underlying contributions to their collective works.

Before the 1976 Act, there was much disagreement about the relationship between copyright ownership in individual and collective works.<sup>48</sup> According to the doctrine of indivisibility, many perceived copyright as incapable of being divided into smaller rights and could only be secured if copyright “notice” appeared in the name of the copyright owner.<sup>49</sup> Thus, authors who granted rights to publish their articles were often in grave risk of inadvertently losing their rights to publishers or injecting their work into the public domain.<sup>50</sup> The doctrine weakened in *Goodis v. United Artists Television, Inc.*,<sup>51</sup> holding that a copyright in the name of a periodical provides protection to an author where she has sold a right of first publication, and Congress abolished this with the 1976 Act.

To this end, Congress intended for section 201(c) to elucidate the “relationship between copyright ownership in a contribution and in the collective work in which it appears.”<sup>52</sup> The first sentence of this section merely reiterates section 103(b): “Copyright in each separate contribution to a collective work is distinct from copyright in the collective work as a whole, and vests initially in the author of the contribution.” With the second sentence of section 201(c), along with the notice provision of section 404,<sup>53</sup> Congress meant to preserve the author’s copyright in an underlying work “even if the contribution does not bear a separate notice in the author’s name, and without requiring any unqualified transfer of rights to the owner of the collective work.”<sup>54</sup> Under this section, if there is no express transfer of the copyright or related rights, “the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series.”<sup>55</sup> The owner may not utilize the

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47. 17 U.S.C. § 101 (defining “derivative work”).

48. See JOYCE, *supra* note 32, § 4.01, at 268.

49. See LEAFFER, *supra* note 2, § 5.9, at 164.

50. See *id.* § 5.9, at 165.

51. 425 F.2d 397 (2d Cir. 1970).

52. H.R. REP. NO. 94-1476, at 122-23.

53. See 17 U.S.C. § 404(a) (1994) reads in part:

A separate contribution to a collective work may bear its own notice of copyright . . . . However, a single notice applicable to the collective work as a whole is sufficient to invoke the provisions . . . as applicable with respect to the separate contributions it contains . . . regardless of the ownership of copyright in the contributions and whether or not they have been previously published.

54. JOYCE, *supra* note 32, at 254.

55. 17 U.S.C. § 201(c) (1994).

underlying work for any purposes falling outside of this statutory description. Falling short of explicitly defining "revision," the House Report provides several examples of permissible and impermissible revisions:

Under the language of this clause, a publishing company could reprint a contribution from one issue in a later issue of its magazine, and could reprint an article from a 1980 edition of an encyclopedia in a 1990 revision of it; the publisher could not revise the contribution itself or include it in a new anthology or an entirely different magazine or other collective work.<sup>56</sup>

How the courts should interpret the language of section 201(c) in view of the House Report is at the heart of the present inquiry. As a prelude to addressing this question directly, this Note considers the following hypothetical scenario and how it relates to the 1976 Act.

### C. *A Hypothetical Case*

Infringement Press (I-Press) publishes the hardcover *1998 Anthology of Contemporary Poetry* comprised of poems written and copyrighted by living poets. Shortly following publication, I-Press arranges for the sale of the individual copies of poems through Kwik-Copy which simultaneously offers the full collection in a binder format. Moreover, across the heading of each copy reads, "From the *1998 Anthology of Contemporary Poetry*, Infringement Press, 1998, page 101, also available from Kwik-Copy in full form."

It is clear that I-Press, as owner of copyright in a collective work, is authorized by section 201(c) to revise its anthology from a hardbound to a binder version and market it through any legal means it sees fit. The mere changing of a print format without altering content would fit squarely within the statutory definition of revision. But presuming there are no written assignments of copyrights in the poetry, dismantling the anthology and selling the individual poems violates the poets' section 106(1) exclusive right of reproduction. Under section 201(c), I-Press may *only* reproduce and distribute the contribution *as part* of that particular collective work, any revision of it, or a later collective work in the same series.<sup>57</sup> The photocopies cannot individually be considered the particular collective work, revisions of the anthology, or a later work in a series.<sup>58</sup> To the contrary, these photocopy reprints violate the poets' copyrights in their

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56. H.R. REP. NO. 94-1476, at 122.

57. See *id.*

58. *Ryan v. Carl Corp.*, 23 F. Supp.2d 1146, 1150 (N.D. Cal. 1998). "No reasonable argument can be made that defendants in this case are 'revising' their collected works when they photocopy individual articles." *Id.*

contributions, making I-Press vulnerable to an infringement suit based on a straightforward reading of the 1976 Act.

With this hypothetical as a backdrop, Parts III and IV focus on the two leading cases which directly address the definition of revision under section 201(c). *Tasini v. New York Times* originated as a 1997 district court case and was reversed by the Second Circuit Court of Appeals in late 1999. The case has attracted much attention because it addresses an issue of first impression, and writers and publishers perceive that there is much at stake. While not centrally addressing electronic media per se, *Ryan v. Carl Corp.* offers an alternate view of the legislative history of the 1976 Act and may predict a future split over section 201(c) interpretation akin to that seen previously in other areas of copyright law.<sup>59</sup>

### III. *TASINI V. NEW YORK TIMES*: A CASE OF FIRST IMPRESSION

#### A. *The Facts*

In 1993, Jonathan Tasini and a group of five other freelance writers filed suit against a group of publishers including *The New York Times*, *Newsday*, and *Sports Illustrated*.<sup>60</sup> The plaintiffs sold articles to the defendant publishers, who provided the contents of their publications, including these articles, to the remaining defendants: University Microfilms International (UMI) and Mead. "The [p]ublishers' general practice was to negotiate due-dates, word counts, subject matter and price; no express transfer of rights under the [a]uthor's copyright was sought."<sup>61</sup>

Mead entered into licensing agreements with each of the publishers, whereby the publishers provided Mead with much of the content of their periodicals, in digital form, for inclusion in NEXIS. Subscribers to NEXIS were able to access any of the articles from one or more of the publishers by using the database's search engine.<sup>62</sup> Pursuant to an agreement with *The New York Times* and Mead, UMI produced the "NY Times OnDisc"

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59. See, e.g., *Bartsch v. Metro-Goldwyn-Mayer, Inc.*, 391 F.2d 150 (2d Cir. 1968); *Cohen v. Paramount Pictures Corp.*, 845 F.2d 851 (9th Cir. 1988) (establishing two distinct approaches to construing licensing contracts with respect to new media); see also *Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir. 1951); *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir. 1977) (representing two lines of cases interpreting derivative authors' rights to exploit a work beyond the first term of the underlying work). The Supreme Court ultimately rejected *Rohauer's* "new property rights" theory in holding that assignment of renewal rights by an author does not defeat successors rights if the author dies before renewal rights vest. See *Stewart v. Abend*, 495 U.S. 207 (1990).

60. See *Tasini v. New York Times Co.*, 972 F. Supp. 804 (S.D.N.Y. 1997).

61. *Tasini v. New York Times Co.*, 192 F.3d 356, 358-59 (2d Cir. 1999) (footnote omitted).

62. See *id.* at 359.

(NYTO) CD-ROM, which contained the full texts of articles from *The New York Times*. "It also produces . . . a 'General Periodicals OnDisc' (GPO) CD-ROM, which contains selected New York Times [sic] articles along with thousands of other articles."<sup>63</sup> UMI used a different method for the GPO version of *The New York Times* Sunday book review and magazine sections. For this purpose, UMI scanned these sections directly onto image-based files which were also abstracted and included on the text-based NYTO CD-ROM.<sup>64</sup>

The *Tasini* plaintiffs claimed that by providing the articles to the electronic databases, the defendant publishers infringed their individual copyrights in the various articles they had licensed to the defendant publishers.<sup>65</sup> The defendants countered that section 201(c) of the Act explicitly authorized "reproducing and distributing" the individual works in "any revision of that collective work."<sup>66</sup> Because the district court could not find any express transfer of electronic rights in the plaintiffs' articles, the court saw the key issue as the precise scope and definition of "revision" in section 201(c),<sup>67</sup> or as the appellate court wrote: "whether one or more of the pertinent electronic databases may be considered a 'revision' of the individual periodical issues from which the articles were taken."<sup>68</sup> The district court recognized that the issue was narrow, but also pointed out that "its resolution [was] not simple: there [was] virtually no case law parsing the terms of [s]ection 201(c), and certainly no precedent elucidating the relationship between that provision and modern electronic technologies."<sup>69</sup> Thus, the district court set out to elucidate the terms of section 201(c) and offer some clarification of the issues.

### B. *The Tasini District Court Analysis and Electronic Databases*

In determining what constituted a revision, the *Tasini I* court focused on what elements were retained, rather than discarded, in the electronic republication. Specifically, the court derived a "recognizability" test from the plain language of section 201(c) and the House Report writing: "The question . . . [is] whether the electronic reproductions retain enough of defendants' periodicals to be recognizable as versions of those

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63. *Id.*

64. *See id.*

65. *See id.*

66. *Id.* (quoting 17 U.S.C. § 201(c)).

67. *See Tasini v. New York Times Co.*, 972 F. Supp. 804, 812 (S.D.N.Y. 1997).

68. *Tasini*, 192 F.3d at 360.

69. *Tasini*, 972 F. Supp. at 812.

periodicals.”<sup>70</sup> The court concluded that, even though NEXIS and CD-ROMs lacked many visual elements and the page layout of the original periodicals, they nevertheless retained the *selection* of articles making them “recognizable” versions of those periodicals.<sup>71</sup> Ultimately, the district court offered the following test:

If the disputed periodicals manifest an original selection or arrangement of materials, and if that originality is preserved electronically, then the electronic reproductions can be deemed permissible revisions of the publisher defendants’ collective works. If, on the other hand, the electronic defendants do not preserve the originality of the disputed publications, but merely exploit the component parts of those works, then plaintiffs’ rights in those component parts have been infringed.<sup>72</sup>

Accepting for the moment the court’s assumption that recognizability closely relates to whether a publication is a revision, the next focus is on the relevant technologies. NEXIS and CD-ROM formats exhibit different characteristics, making it worthwhile to examine each separately with respect to both database storage and access characteristics.

When utilizing the image-based GPO, one views a computerized representation of the original print version of a publication. Contained therein are various elements of the work, likely including a table of contents and pictorial elements and the text of the articles of that issue. A viewer commonly will access a periodical’s individual issues as works in their entirety and will be able to readily view the pictorial and textual components together on the computer screen. Providing a collective work through GPO can be seen as nothing more than changing the format of a publication. A magazine is stored in its entirety on CD-ROM, and readers are not easily able, nor encouraged, to reproduce individual articles. Furthermore, “severability,”<sup>73</sup> i.e., the user’s ability to sever a work into its component parts, is not usually a central feature of an image-based system. In short, even though GPO uses advanced technology, there is no doubt that the viewer will recognize each edition as a version of the original publication and be able to access the issue in its entirety. Both the

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70. *Id.* at 826.

71. *See id.*

72. *Id.* at 822.

73. By their nature, computerized versions of collective works are more severable than traditional printed versions. With the ability to copy and paste text and images with the click of a mouse, materials may be sliced and diced with unprecedented ease. But for the purposes at hand, it is more important to focus on the technological forms of access rather than the inherent qualities of material *already* accessed. Thus, this Note does not explore the interesting but doubtful argument that a high degree of severability might be grounds for contributory infringement.

presentation and the method of technology utilized allows for this type of CD-ROM publication to be recognizable under the *Tasini I* test and would be considered a revision under section 201(c), as the court ultimately concluded.

NEXIS and the text-based NYTO exhibit different storage and retrieval attributes than GPO. NEXIS strips all elements *except* the text of a publication's articles and retains no pictures, illustrations, or advertisements, resulting in the absence of the organization and coordination of the collective work's original elements. Users often do not access articles "through data bases [sic] consisting only of those articles printed in a particular identified periodical."<sup>74</sup> Indeed, users frequently arrive at a particular article through a Boolean or a plain language search referencing author, topic or text and not a publication at all.<sup>75</sup> Perhaps most important to the infringement question, NEXIS presents articles separately, with the expectation that users will individually reprint them. This type of database exhibits a high degree of severability and offers, as a central feature of its service, the ability to use individual articles in a variety of ways.

The court in *Tasini I* wrote that "immersion into a larger data base [sic] does not automatically mean . . . that the defendant publisher's protected original selection is lost."<sup>76</sup> The court held that the conversion of articles to NEXIS and CD-ROM formats is permissible because the publishers' *selection* of the articles remained, even if formatting and certain elements of the original work were absent when immersed in larger databases.<sup>77</sup> The court explained that "once an article is selected for review, that article is identified not only by author, but by the publication, issue, and page number in which it appeared. . . . They tag those articles in such a way that the publisher defendants' original selection remains evident online."<sup>78</sup> Since tagging will allow a reader to recognize an article's origin, the court reasoned, it must be legally adequate to support a valid revision.<sup>79</sup>

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74. *Id.* at 824.

75. See LEARNING NEXIS: A HANDBOOK FOR LEXIS-NEXIS RESEARCH ON THE INTERNET (1998).

76. *Tasini*, 972 F. Supp. at 824.

77. The district court in *Tasini* stated that, "aside from the image-based CD-ROM, the disputed technologies do not reproduce the photographs, captions, and page lay-out of the defendant publications . . . . Ultimately, however, these changes to the defendant publishers' hard copy periodicals are of only peripheral concern to the 'revision' analysis." *Id.*

78. *Id.* (footnote omitted).

79. According to the recognizability test, there would be no requirement for individual contributions in collective work revisions to be presented together *at all*, only that the contributions independently reference the collective work in which they appeared and that they be immediately available in a proper collective form at the same location. In this world

To add support to its tagging concept, the *Tasini I* court reasoned that the value of the articles was enhanced by attaching a magazine or newspaper label to them. It wrote:

Once in a data base [sic] . . . an article's association with a particular periodical plainly enhances the value of that article. Indeed, an article appearing in *Newsday* or *The New York Times* is instantly imbued with a certain degree of credibility that might not exist in the case of an article never published.<sup>80</sup>

While perhaps true, "added value" is not a defense against infringement, nor does it analytically relate to copyright law at all. For instance, in the absence of a legal assignment of rights, *The New York Times* may not legally create and publish a novel based on a freelance story it has published.<sup>81</sup> The publisher may be very successful in such an adaptation, and its imprimatur could certainly enhance the value of the story. Nevertheless, such a publication constitutes a naked violation of section 106(2) of the 1976 Act providing a copyright owner with the exclusive right to prepare a derivative work. In the final analysis, any theory of "added value" should play no part in the court's analysis of whether or not electronic revisions are authorized. Furthermore, tagging should not save an otherwise unrecognizable collective work from being deemed an infringement.

The district court in *Tasini* would have been more consistent with the purpose of the 1976 Act if it had stated the following test: In order to qualify as a revision, a reproduction must be recognizable *without* tagging. For NEXIS or other text-based formats to pass such a test, they would be forced to present a collective work as a whole, not merely the dismantled parts of the whole. Nothing would require a revision to include each and every component part of the collective work—only enough for a reader to recognize it as a revision of the original collective work. While this alternative test might not be foolproof, it certainly would go a long way toward assuring that publishers were not merely passing off individual works as revisions in order to profit from their unauthorized use.

### C. *The Second Circuit Court of Appeals Reverses*

On appeal, the Second Circuit rejected outright the *Tasini* publishers' argument that each database constitutes a revision of the particular collective work in which each author's individual contribution first

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of tagging, even the hypothetical unauthorized republication, discussed in Part I, presumably would be legal.

80. *Tasini*, 972 F. Supp. at 824 n.12.

81. See *Oddo v. Ries*, 743 F.2d 630, 633-34 (9th Cir. 1984) (holding that the publisher of a magazine did not have exclusive right to adapt an article into book form).



appeared.<sup>82</sup> The appellate decision was a succinct reversal—far shorter than the district court's opinion with which it disagreed.

The court first examined the plain language of section 201(c), following the ordinary principles of statutory construction, which state that "the meaning of one term may be determined by reference to the terms it is associated with."<sup>83</sup> The court concluded that the second clause of section 201(c) must be read in the context of the first and third clauses:

The first clause sets the floor, so to speak, of the privilege. The collective-work author is permitted to reproduce and distribute individual contributions as part of "that particular collective work." In this context, "that particular collective work" means a specific edition or issue of a periodical. The second clause expands the privilege, to permit the reproduction and distribution of the individual contribution as part of a "revision" of "that collective work," i.e., a revision of a particular edition of a specific periodical. Finally, the third clause sets the outer limit or ceiling on the privilege. It permits the reproduction and distribution of the individual contribution as part of a "later collective work in the same series," such as a new edition of a dictionary or encyclopedia.<sup>84</sup>

Within this context, the court stated that the most "natural reading of the 'revision' . . . privilege protects only later editions of a particular issue of a periodical, such as a final edition of a newspaper."<sup>85</sup> Later editions might not be protected without the second clause because they are not identical to original editions.

The *Tasini I* court reasoned that the publishers' view of electronic databases as revisions could not be squared with basic canons of statutory construction for two reasons. First, if the contents of databases were merely revisions, the third clause of section 201(c)—"permitting the reproduction and distribution of an individually copyrighted work as part of 'a later collective work in the same series'—would be superfluous."<sup>86</sup> If the court viewed the databases as revisions, there would be no need for a privilege for a later collective work in the same series.<sup>87</sup> Second, the section 201(c) privilege is an "exception to the general rule that copyright vests initially in

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82. See *Tasini v. New York Times Co.*, 192 F.3d 356, 362 (2d Cir. 1999).

83. *Id.* at 361 (citing *General Elec. Co. v. Occupational Safety & Health Review Comm'n*, 583 F.2d 61, 65 (2d Cir. 1978)).

84. *Id.* at 361-62 (citation omitted).

85. *Id.* at 362.

86. *Id.* (citing *Regions Hosp. v. Shalala*, 522 U.S. 448 (1998) (Scalia, J., dissenting) ("It is a cardinal rule of statutory construction that significance and effect shall, if possible, be accorded to every word. As early as in Bacon's Abridgment, [section] 2, it was said that 'a statute ought, upon the whole, to be so construed that, if it can be prevented, no clause, sentence, or word shall be superfluous, void, or insignificant.'").

87. See *id.*

the author of the individual contribution," and reading "revision" as broadly as publishers suggest "would cause the exception to swallow the rule."<sup>88</sup>

The court of appeals, directly addressing the publishers' contention that the databases were revisions because all of the articles from their publications could be retrieved individually, made the exact point illustrated by the hypothetical in Part II.C of this Note. "Section 201(c) would not permit a [p]ublisher to sell a hard copy of an [a]uthor's article to the public even if the [p]ublisher also offered for individual sale all of the other articles from the particular edition;" and "nothing in [section 201(c)] would allow [p]ublishers to achieve the same goal indirectly through NEXIS."<sup>89</sup>

Furthermore, the court of appeals saw the publishers' reading of section 201(c) to be "in considerable tension with the overall statutory framework."<sup>90</sup> As discussed in Part II, section 201(d) of the 1976 Act expressly permitted the transfer of less than the entire copyright, replacing the notion of "indivisibility" with that of "exclusive rights" under a copyright. The court reasoned that, "[w]ere the privileges as broad and as transferable as [the publishers] contend[ed], it is not clear that the rights retained by the [a]uthors could be considered 'exclusive' in any meaningful sense."<sup>91</sup>

From its statutory analysis, the *Tasini II* court shifted to a brief discussion of the technological aspects of the databases. Where the district court had focused on what the databases retained of the original work, the court of appeals concluded that "NEXIS does almost nothing to preserve the copyrightable aspects of the [p]ublishers' collective works."<sup>92</sup> In placing an edition of *The New York Times* on NEXIS, the court noted that some of the paper's content and most of its arrangement were lost. The end user can only access the "preexisting materials that belong to the individual authors under [s]ections 201(c) and 103(b)" of the 1976 Act.<sup>93</sup> The court refrained from any comment on the lower courts lengthy discussion of tagging and identification of the collective work publications on NEXIS.

The *Tasini II* court acknowledged that "the UMI databases presented a slightly more difficult issue than did NEXIS."<sup>94</sup> First, "NYTO was seen to

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88. *Id.* (citation omitted).

89. *Id.* at 362-63.

90. *Id.* at 363.

91. *Id.*

92. *Id.*

93. *Id.* at 364.

94. *Id.*

be distinguishable from NEXIS in that it contained articles from only one publisher."<sup>95</sup> But this factor was not seen to affect the underlying authors' rights in any way. Thus, the court viewed NYTO as similar to NEXIS, the same legal analysis applied, and NYTO was not a valid revision under section 201(c). Second, although GPO contained scanned images "of editions of *The New York Times* Sunday book review and magazine, it also contained articles from numerous other periodicals."<sup>96</sup> The court of appeals concluded that GPO was also "substantially similar to NEXIS, and it [was] at best a new anthology," not authorized by section 201(c).<sup>97</sup>

The *Tasini II* court emphasized the narrow issue being decided: Whether, in the absence of a transfer of copyright or any rights thereunder, collective-work authors may relicense individual works in which they own no rights.<sup>98</sup> Because there was no express transfer of rights in such cases by definition, the *Tasini II* decision entirely turned on the default allocation of rights provided by the 1976 Act. Holding that section 201(c) did not provide collective-work authors with the privilege of licensing individual works to electronic databases, the court also made clear that publishers and authors were free to contract around the statutory framework.<sup>99</sup>

#### D. *The Role of Public Policy in the Tasini Decisions*

Near the outset of its opinion, the district court in *Tasini* noted that the House Report clarified that the 1976 Act "in significant part, amounts to a repudiation of the concept of copyright indivisibility."<sup>100</sup> The court argued that in putting the final dagger in the doctrine, Congress was not constraining publishers in their efforts to create and sell their permitted revisions and reproductions.<sup>101</sup> Such an approach, it explained, would only serve to "undermine the competing goal of ensuring that collective works be marketed and distributed to the public."<sup>102</sup> The section of the House Report on which the court relied in formulating its argument reads as follows:

The basic presumption of section 201(c) is fully consistent with present law and practice, and represents a fair balancing of equities. At the same time, the last clause of the subsection, under which the privilege of republishing the contribution under certain limited

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95. *Id.*

96. *Id.*

97. *Id.*

98. *See id.*

99. *See id.*

100. *Tasini v. New York Times Co.*, 972 F. Supp. 804, 815 (S.D.N.Y. 1997).

101. *See id.*

102. *Id.* at 815-16.

circumstances would be presumed, is an essential counterpart of the basic presumption.<sup>103</sup>

While the district court accurately interpreted the words "basic presumption" to favor authors, it inaccurately portrayed the phrase "essential counterpart" as favoring a policy goal of wide distribution of collective works. Neither the legislative history nor the statutory text provide any evidence that section 201(c) supports such a policy. Congress more likely employed the phrase "essential counterpart" to refer to a property interest held by the author of a collective work.<sup>104</sup> The House Report, in referring to a "balancing of equities," speaks of a balance between author and publisher, not between author and society. While the larger goals of copyright law may seek to benefit the public by encouraging the creation and dissemination of original works,<sup>105</sup> these would not be determinative in delineating ownership rights with respect to a collective work. Consequently, the legislative history of the 1976 Act should be read to interpret section 201(c) as clarifying authors' and publishers' rights and not creating any new policies concerning copyright law and practice.<sup>106</sup> This is the view of the court in the 1998 *Ryan* case which Part IV addresses.

#### IV. *RYAN V. CARL CORPORATION*: AN ALTERNATE VIEW FROM THE NINTH CIRCUIT

##### A. *The Facts*

*Ryan v. Carl Corp.*,<sup>107</sup> a copyright infringement suit, involves four freelance writers who authorized the publication of their book excerpts in magazines.<sup>108</sup> These plaintiffs sued the *UnCover* company which maintained an Internet database that contains titles, but not the text, of approximately eight million articles from about seventeen thousand periodicals. When a customer or library requested an article, an *UnCover* representative went to a library that carries the periodical, copied the article, and sent it to the customer with a bill. *UnCover* then sent a copyright payment to the publisher of the periodical. If the publisher explicitly granted permission or deposited the check without response, *UnCover* continued to copy articles by that publisher upon request. If the

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103. H.R. REPORT NO. 94-1476, at 122.

104. See *Ryan v. Carl Corp.*, 23 F. Supp.2d 1146 (N.D. Cal. 1998).

105. See *supra* Part II.A.

106. See *Ryan*, 23 F. Supp.2d at 1149.

107. 23 F. Supp.2d 1146.

108. See *id.* at 1147.

publisher refused permission, *UnCover* "blocked" articles by that publisher in the future. *UnCover* never contacted or sent payments to individual authors of the articles.

### B. *The Ryan Analysis*

*Ryan* is significant because it is the sole decision other than the *Tasini* decisions addressing the legislative history of section 201(c). The *Ryan* court rejected *Tasini* P's interpretation of the legislative history of section 201(c) and strengthened authors' section 106 rights in the context of collective work licenses. First, in addressing the legislative history of the 1976 Act, the *Ryan* court wrote: To reach "a predictable and equitable distribution of rights between author and publisher. . . . Both the language and the legislative history of section 201(c) suggest that when in doubt, courts should construe the rights of publishers narrowly rather than broadly in relation to those of authors."<sup>109</sup> Congress enacted section 201(c) "in response to the doctrine of copyright indivisibility. . . . When determining the respective rights of publishers and authors under section 201(c), one must bear in mind that Congress passed the section to enlarge the rights of authors."<sup>110</sup>

*Ryan*, like *Tasini I*, recognized that Congress enacted section 201(c) in response to the doctrine of copyright indivisibility and agreed that the House Report confirms such a conclusion.<sup>111</sup> However, the *Ryan* court interpreted the legislative history in a more favorable light to authors and licensors. The defendants in *Ryan* raised the issue of distribution of information allowing the court to address the societal efficiency argument directly, albeit in dicta:

From the standpoint of societal efficiency, it makes more sense to allocate the right of reproduction to publishers, because publishers are easier to locate. . . . The Court, however, is not free to construe statutes in the manner most efficient. Instead, it must follow the intent of Congress as expressed in the terms of the statute.<sup>112</sup>

The *Ryan* court made clear that economic policies should be subordinated to statutory analyses when deciding an issue of copyright ownership in collective works. This judicial viewpoint makes *Ryan* an important first step in interpreting section 201(c) in the Ninth Circuit.

The second and perhaps most important aspect of *Ryan* lies in its view of section 201(c) as reinforcing authors' rights of reproduction when

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109. *Id.* at 1149-50.

110. *Id.* at 1150.

111. *See id.*

112. *Id.* at 1150-51.

licensing works to publishers. The *Ryan* court, quoting section 201(c), pointed out that unless parties contract otherwise, "the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that . . . work."<sup>113</sup> The court argued that the case turned on the meaning of the words "as part" and that, because defendants photocopied only individual articles, this could not be viewed as part of the collective work.<sup>114</sup> Therefore, publishers could not legally authorize *UnCover* to reprint articles in which it did not own the copyright any more than I-Press could authorize Kwik-Copy in this Note's earlier hypothetical.<sup>115</sup>

### C. *Can There Be Infringement Regardless of the Revision Issue?*

The *Ryan* court's conclusion that "the right of reproduction must belong to the authors"<sup>116</sup> naturally flows from the 1976 Act and can be seen as separate from the notion of whether a collective work is deemed a revision. For example, *Newsweek* may publish the excerpts from Stephen King's new novel and may legally republish those excerpts in a large-print edition of the magazine. *Newsweek* may not, however, sell or authorize the sale of reprints of the large print excerpts alone. Hence the *Ryan* court's statement that "[c]alling the reproduction of a single article a 'revision' of a collected work . . . is more strained than even a flexible interpretation can withstand."<sup>117</sup>

Now consider electronic media with respect to the same problem. Even if republication of freelance articles on NEXIS were considered a revision (which this Note clearly argues that it should not be), *New York Times* or NEXIS would not have a legal right to authorize or facilitate the reproduction of these single articles. This conclusion is consistent with *Ryan* and what seems to be the correct reading of the 1976 Act. Yet, the essence of NEXIS is the ability of students and professionals to reprint individual articles with ease. Finally, Part V addresses the new media cases of the past several decades which will further the discussion with regard to the role of policy in copyright law.

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113. *Id.* at 1149.

114. *See id.*

115. *See supra* Part II.C.

116. *Ryan*, 23 F. Supp.2d at 1150.

117. *Id.*

## V. THE ROLE OF COPYRIGHT POLICY IN INTERPRETING LICENSES IN LIGHT OF NEW MEDIA

As previously discussed, this Note primarily addresses freelance agreements solely authorizing the first publication rights of articles in collective works.<sup>118</sup> One might consider, as the *Tasini I* court did,<sup>119</sup> that case law parsing broader licensing agreements is irrelevant to the issue at hand. The opinions, nevertheless, offer valuable insight into judicial motivation in the area of copyright and new media, especially in circumstances where no clear resolution is obvious to a court.

Judges and scholars are not in complete accord on the capacity of broad licenses to cover future markets resulting from new technologies.<sup>120</sup> Over the past several decades, two distinct approaches have developed, including the narrow Ninth Circuit rule stating that any rights not expressly and unambiguously granted in a license are reserved to the licensor,<sup>121</sup> and the broad Second Circuit rationale allowing the licensee to "properly pursue any uses that may reasonably be said to fall within the medium as described in the license."<sup>122</sup>

The former approach is rooted in *Cohen v. Paramount Pictures Corp.*,<sup>123</sup> which dealt with the issue of whether a license to use a musical composition in a film to be exhibited in theaters and on television included the right to use the composition in videocassette reproductions not envisaged at the time of the contract.<sup>124</sup> The court held the licensee's rights do not extend to distribution by videocassette based on a lack of language broad enough to encompass this type of future technology. In support of its opinion, the *Cohen* court wrote, "the purpose underlying federal copyright law . . . [is] 'to afford greater encouragement to the production of literary works of lasting benefit to the world.'"<sup>125</sup> The *Cohen* court concluded that it would frustrate the purposes of the Act to construe the license to grant a

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118. See *supra* note 4.

119. See *Tasini v. New York Times Co.* 972 F. Supp. 804, 812 (S.D.N.Y. 1997). ("Time's reliance upon the *Bartsch* line of authority is misplaced. . . . None of these cases, however, involved a contract (like the one before the Court) that imposed specific temporal limitations such as first 'publication rights.'").

120. See *Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co.*, 145 F.3d 481, 486 (2d Cir. 1998).

121. See, e.g., *Cohen v. Paramount Pictures Corp.*, 845 F.2d 851 (9th Cir. 1988)

122. *NIMMER & NIMMER supra* note 35, § 10.10[b], at 10-91.

123. 845 F.2d 851.

124. See *id.* at 852.

125. *Id.* at 854 (citing *Washington Publ'g Co. v. Pearson*, 306 U.S. 30, 36 (1939); *Scott v. WKJG, Inc.*, 376 F.2d 467, 469 (7th Cir. 1967) ("a copyright is intended to protect authorship"); *Jondora Music Publ'g Co. v. Melody Recordings, Inc.*, 506 F.2d 392, 395 (3d Cir. 1975) ("The copyright law is enacted for the benefit of the composer").

right in a medium unknown at the time of the original agreement.<sup>126</sup> One inference to be drawn from *Cohen* is that, in construing agreements dealing with new media, close questions should be decided in favor of licensors to ensure that authors receive adequate incentives to create.<sup>127</sup>

The competing Second Circuit approach is rooted in *Bartsch v. Metro-Goldwyn-Mayer, Inc.*,<sup>128</sup> which involved an assignment of a musical play in which the assignee was given the right to "project, transmit[,] and otherwise reproduce . . . by the art of cinematography or any process analogous thereto."<sup>129</sup> Although denying the licensee the right to broadcast the work via live telecast, the court held that the license *did* include motion picture rights and, most importantly, placed the burden on the licensor to show that the terms of the license did not extend to the new medium.<sup>130</sup> The *Bartsch* court wrote, "if Bartsch or his assignors had desired to limit 'exhibition' of the motion picture to the conventional method where light is carried from a projector to a screen directly beheld by the viewer, they could have said so."<sup>131</sup> In further justification of its decision, the court concluded that a narrower definition might impede distribution of works in the new media by creating a deadlock between grantor and grantee.<sup>132</sup> But unlike in *Cohen*, the *Bartsch* court offered no judicial or statutory support for its motivating policy of better distribution. As the *Ryan* opinion discussed,<sup>133</sup> from the standpoint of efficiency, it often makes more sense to allocate rights to licensees. But the courts are not free to construe laws in the manner most efficient; rather, they must interpret the law based on statutes and case law and turn to legislative history to clarify congressional intent when necessary.<sup>134</sup>

In the recent decision *Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co.*,<sup>135</sup> the Second Circuit attempted to clarify the *Bartsch*

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126. See *Cohen*, 845 F.2d at 854.

127. See LEAFFER, *supra* note 2, § 4.11, at 167, § 5.10. Leaffer further argues that it is illogical to assume that unknown uses could provide incentive effects since they could not possibly be in the mind of an author at the time of creation. But he fails to take into account the possibility that, while authors may not be able to foresee specific new technologies, they may have increased motivation to create if they feel secure in "all possible future rights." As technology accelerates, it would be wise to examine this phenomenon further.

128. 391 F.2d 150, 152 (2d Cir. 1968).

129. *Id.*

130. See *id.* at 155.

131. *Id.*

132. See *id.*

133. See *Ryan v. Carl Corp.*, 23 F. Supp.2d 1146, 1151 (N.D. Cal. 1998); see also *supra* Part IV.

134. See *Ryan*, 23 F. Supp.2d at 1151.

135. 145 F.3d 481, 486 (2d Cir. 1998).



ruling. Holding that a 1939 license to use the composition "Rite of Spring" in the film "Fantasia" included video rights, the court endorsed a strict construction approach to dealing with new media cases. It argued that "[i]f the contract is more reasonably read to convey one meaning, the party benefited by that reading should be able to rely on it; the party seeking exception . . . should bear the burden . . . ."<sup>136</sup> The *Boosey* decision made clear that there should not be a default rule favoring licensors or licensees. Rather, courts should simply follow the words of the contract to determine which party is entitled to new media rights.<sup>137</sup> The *Boosey* court did not indicate that it had an underlying policy motivation other than fairness in construing contracts.

Whether *Boosey* will help to reconcile the *Cohen* and *Bartsch* lines of decisions remains to be seen. To a certain degree, it seems to state the obvious: A contract means what it says it means. What one party views as unambiguously granting another may see as reasonably falling within the medium described. This subjective view of the problem offers no landmarks or policies to assist in close cases of contracts involving new media issues. In another sense, *Boosey* does strive to level the playing field. Where *Cohen* can be viewed as favoring licensors and *Bartsch* has been construed as a default rule for licensees, the Second Circuit Court of Appeals in *Boosey* has declared that there will be no favored party with regard to new media licensing cases. Instead, the language of the contract will rule. This, of course, offers little help in the case of ambiguous language.

Professor William Patry, in his treatise *Copyright Law and Practice*, provides further statutory rationale for deciding in favor of licensors in cases in which the language of an agreement is not clear:

While not all agreements can be neatly construed "broadly" or "strictly," agreements should, wherever possible, be construed in favor of the copyright transferor, on the ground that the principle embodied in [s]ection 204(a)—a transfer of rights is valid if it is in writing and signed by the owner of the rights conveyed—reflects a policy judgment that copyright owners should retain all rights unless specifically transferred.<sup>138</sup>

Thus, section 204(a) adds support to the notion that the 1976 Act favors the authors of creative works over licensees of those works in the absence of express transfers.

At this point, it is helpful to emphasize how the new media cases relate to the section 201(c) inquiry. Where the new media cases concerned

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136. *Id.* at 487.

137. *See id.*

138. WILLIAM F. PATRY, COPYRIGHT LAW AND PRACTICE 392 (1994).

*contractual* interpretation, *Tasini* and *Ryan* involved *statutory* interpretation. Yet, in light of the ambiguous circumstances existing in the facts of both sets of cases, the courts turned to policy rationales to inform their decisions. It is clear that the *Cohen* court's emphasis on copyright's incentive policy was consistent with the *Ryan* court's view of section 201(c) interpretation. Both cases hailed from the Ninth Circuit and suggested that the 1976 Act enlarges the rights of authors and consequently that, when in doubt, courts should decide in the favor of authors. In contrast, *Bartsch* and *Tasini I*, were motivated to a large degree by an underlying policy goal of efficient distribution. Consistently, both favored the licensee in their respective holdings. The *Tasini II* court did not discuss policy rationales, but its decision strengthened authors' ownership rights consistent with the incentive policy. While the incentive policy is grounded in copyright law and, indeed the Constitution,<sup>139</sup> neither Congress nor the Constitution has addressed the policy of distributional efficiency. Therefore, the former should be seen as a valid driving force behind decision making by the courts in copyright cases, while the latter should not play a determinative role.

## VI. THE SOLUTION: COPYRIGHT CLEARINGHOUSES

The publishing industry has prophesied "dire consequences" if it must find and obtain permission from every freelance author for its unauthorized electronic revision of the author's articles.<sup>140</sup> But to comply with the Copyright Act, publishers only need to register with the fledgling Publication Rights Clearinghouse (PRC), a collective-licensing system in which writers contract with the PRC to act as their agent in licensing secondary rights to their previously published articles.<sup>141</sup> These articles then become part of the PRC inventory to be administered for the length of the contract. Because the PRC is loosely modeled after the well-established performing rights collection system used in the music industry,<sup>142</sup> a brief survey of music licensing will shed light on how author's may effectively be compensated for their creative enterprises.

Each public performance of a musical work—on the radio or television, in a live performance, or in a store or restaurant—is a possible source of revenue for the copyright holder (usually the composer or a

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139. See *supra* Part II.

140. Plaintiff's Appeal Reply Brief, *Tasini v. New York Times Co.*, (2d Cir.) (No. 97-9181), available at (last modified July 29, 1999) <<http://www.nwu.org/tvt/tvtrep98.htm>>.

141. See National Writers Union, *About the Publications Rights Clearinghouse* (last modified July 29, 1999) <<http://www.nwu.org/prc/prcabout.htm>>.

142. See *id.*

music publisher). The performing rights societies, including the American Society of Composers, Authors, and Publishers (ASCAP), Broadcast Music, Inc. (BMI), and SESAC (originally known as the Society of European Stage, Authors, and Composers), provide the means by which composers and other holders of copyrights in musical works police, license, and administer their performance rights within the United States.<sup>143</sup> These organizations collect and distribute performance royalties quarterly and police unauthorized performances.<sup>144</sup>

The mechanics of ASCAP further explain how a performance rights organization functions. An ASCAP licensor agreement is comprised of three important terms.<sup>145</sup> First, the licensor members grant the organization the nonexclusive right to license nondramatic public performances of their works. Second, the members grant ASCAP the right to bring suit in their names to enforce the performance rights in these works. Third, the members agree to ASCAP's method of royalty distribution. Royalties for radio, television, and background music performances flow from "blanket licenses," which authorize the public performance of all the millions of compositions in the entire ASCAP repertoire by radio and television stations; commercial retail, restaurant, and entertainment establishments; and music services such as Muzak.<sup>146</sup> The fee can range from a few hundred dollars per year for small businesses to millions of dollars per year for large broadcast entities.<sup>147</sup> Thus, ASCAP does not require of licensees the burdensome (and perhaps impossible) task of licensing individual performances. Rather, it merely mandates that entities acquire a blanket license if they wish to publicly perform any ASCAP members' works.

ASCAP collects hundreds of millions of dollars in licensing fees each year.<sup>148</sup> After the monies are used to pay the nonprofit organization's operating expenses, the remainder is divided amongst members based on radio and television airplay.<sup>149</sup> ASCAP utilizes sampling and statistical techniques, as well as performance data provided by broadcasters to

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143. See LEAFFER, *supra* note 2, § 8.22(A), at 347. (The performing rights societies are recognized in § 116(e) of the 1976 Act).

144. See Mark Halloran, *Performing Rights Organizations: An Overview*, in *THE MUSICIAN'S BUSINESS & LEGAL GUIDE* 106, 108 (Mark Halloran ed., 1996).

145. See LEAFFER, *supra* note 2, § 8.22(B), at 348.

146. See DONALD S. PASSMAN, *ALL YOU NEED TO KNOW ABOUT THE MUSIC BUSINESS* 231-34 (1997).

147. See *id.* at 232.

148. See Halloran, *supra* note 144, at 108. (In 1994, ASCAP collected approximately \$423,000,000 in royalties and distributed nearly \$230,000,000 to its members).

149. See PASSMAN, *supra* note 146, at 232.

determine the proportionality of payments to its members.<sup>150</sup> BMI and SESAC, while differing from ASCAP in structure and function, essentially provide the same services for their members and stand as further evidence that copyright holders do receive compensation for the use of their works in the field of music.

In addition to the performing rights organizations, the Copyright Clearance Center (CCC) provides yet another example of how third-party organizations can provide administration of exclusive rights outside of the electronic revision context. Massive unauthorized reproduction of copyrighted material often occurs at corporate and other libraries and commercial copy stores every year, and policing the reproduction right is practically impossible for individual copyright owners.<sup>151</sup> But authors may contract with CCC or other copyright clearinghouses who monitor, manage, and distribute the income derived from copying of its members' works.<sup>152</sup> The CCC recovers fees in two ways. First, the Transactional Reporting System is a self-reporting system whereby users forward fees, often listed on the first page of a publication. Second, the Annual Authorization Service uses statistical samples from users' photocopy machines to estimate fees owed to authors.<sup>153</sup> In order to reduce monitoring costs, the CCC has further developed statistical methods within many industries based upon the average amount of copying in that industry and prices charged by publishers.<sup>154</sup> This method of collection most closely mirrors the blanket license used by performing rights organizations in the field of music.

The ASCAP and CCC models provide evidence that tracking of electronic revisions will not be overly burdensome, and certainly not impossible, for publishers. If *Tasini II* remains good law, and if its proauthor holding is extended to other jurisdictions, most authors will undoubtedly affiliate with the PRC or a similar organization.<sup>155</sup> As the PRC continues to collect revenues derived from its licensed works, member authors who have retained copyright in their articles and other literary

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150. *See id.*

151. *See* LEAFFER, *supra* note 2, § 10.12(C), at 449.

152. *See* Plaintiff's Appeal Reply Brief, *Tasini v. New York Times Co.*, (2d Cir.) (No. 97-9181), available at (last modified July 29, 1999) <<http://www.nwu.org/tvt/tvtrep98.htm>>.

153. *See* LEAFFER, *supra* note 2, § 10.12(C), at 449.

154. *See id.*

155. Through its partnership with UnCover and the CCC, the PRC has already paid thousands of dollars in royalties to authors including Isabel Allende, Barbara Kingsolver and Erica Jong. *See* National Writers Union, *supra* note 141.

works will increasingly receive royalties for electronic revisions on a periodic basis.<sup>156</sup>

## VII. CONCLUSION

Whether a collective work owner's right of revision should include reproduction in a specific electronic medium should depend on two factors. First, a collective work owner's original contribution must be retained in the new format; and second, the revision must be recognizable as a version of the original collective work *without tagging*. In close cases, the courts should construe their decisions in favor of the author based on the rationale in *Ryan* and *Cohen*, and consistent with *Tasini II* and the history and policies of copyright.

With this test, a CD-ROM version of a publication may very well be an authorized revision if published substantially similarly to the original version. Changing the format alone should not be determinative. Publication on NEXIS should not be considered an authorized section 201(c) revision because its isolated presentation prevents recognizability and further encourages unauthorized reproduction of individually copyrighted works.

Future courts dealing with section 201(c) issues must be careful not to fall into the traps inherent in applying old laws to new technologies. The court should not allow in the virtual world, of NEXIS or any other new technology, what it would not allow in the real world of paper, printing presses, and photocopy machines. As long as Congress intends to prevent the unauthorized reproduction of individual contributions to collective works, the courts should equally guard against such reproductions—whether computerized or not.

Toward the end of its opinion, the *Tasini I* court wrote, “[i]f Congress agrees with plaintiffs that, in today’s world of pricey electronic information systems, [s]ection 201(c) no longer serves its intended purposes, Congress is of course free to revise that provision to achieve a more equitable result.”<sup>157</sup> In light of the above analysis and consistent with the *Tasini II* decision, this statement would more accurately read: If Congress believes that the Copyright Act does not serve societal efficiency, Congress is free to revise the law to achieve a more *efficient* result.

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156. See, e.g., National Writers Union, *The Publication Rights Clearinghouse: The National Writers Union Solution* (last modified Sept. 26, 1999) <<http://www.nwu.org/tvt/tvtprc.htm>>.

157. *Tasini v. New York Times Co.*, 972 F. Supp. 804, 827 (S.D.N.Y. 1997).